

From: Lisa Akinseye

Subject: Study on Credit Bureaus Handling of Disputes

Date: Sep 13, 2004

Proposal: Notice of Study and Request for
Information - Fair and Accurate Credit Transactions of 2003 (FACT Act)
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Name: Lisa Akinseye
Affiliation:
Category of
Affiliation:
Address1: 1238 McAndrews Rd. E
Address2:
City: Burnsville
State: MN
Country: UNITED STATES
Country Code: 840
Zip: 55337
PostalCode: n/a

Comments:

@@@I am writing in regard to the study/request for information on the FACT Act of 2003. The system between creditors and the Credit Reporting Agencies (CRAs) is seriously flawed. I believe the creditors pay more money to the CRAs than consumers do, so it seems that their allegiances are towards the creditors. It is next to impossible to have inaccurate items removed from a report, even when the consumer has provided the original creditor and/or the CRAs with a wealth of supporting documentation. When an inaccurate or obsolete tradeline is removed from a credit report, rarely is it done in a timely manner as mandated.

Case in point, I recently had an item fraudulently appear on one of my credit reports as a charge off for a small amount. I was told the alleged debt was incurred in 1988 on a credit card. I do not ever recall being contacted about any such account. The laws of my state on open accounts have a Statute of Limitations (SOL) of 6 years--this is clearly at least 10 years beyond the SOL. My frustration in this instance is with a specific CRA. It will not provide the Date of Last Activity (DOLA) on this account. (In this instance, simply providing me with this information would be all I legally need to have the item removed should it have been mine.) Also, when one disputes an account with them, they incorrectly update the DOLA to reflect as a new Date of Status (DOS), which in effect, makes an item that should not even appear on a report look like it is brand new! This company is the only one of the Big 3 that seems to do this.

I believe that if the original creditor cannot provide verification of this debt, then the collection agency certainly cannot provide validation of the debt, as required by law, yet the negative notation STILL appears on my report. There is no reason that my credit report should reflect a charge-off for something that is potentially 16 years old and can't be proven, yet the CRA insists that this item is verifiable, but refuses to provide a method of verification. Showing an item such as this has negatively affected my FICO score by approximately 40 points, as this is the only item being reported that

differs from the other two major CRAs. This type of inaccurate reporting harms consumers all the time.

I fail to see why a consumer must take the time to write numerous letters (often over a period of months), often pay to have copies made, take the time and expense to go to the local post office and pay to have documentation sent Certified Mail, Return Receipt Requested (\$4.42 each, as they often otherwise claim it was not received), in order to ATTEMPT to have something corrected. It is not uncommon to spend upwards of \$30 to try to resolve a single inaccurate negative notation that appears on each of the Big 3 reports.

The current system is flawed, at best. As a consumer, trying to have an inaccuracy removed from my reports should not cost me money to correct someone else's mistake; the creditors and the CRAs should consider the mandated corrections as part of the cost of doing business.

I ask, if a reasonably prudent consumer is having difficulty in getting a credit report to accurately reflect their credit history, would a consumer without knowledge of their rights with respect to credit be able easily correct errors on their credit reports? I doubt it. Consumers need to be informed as soon as a new or derogatory item is added to their report; currently, most consumers are not made aware of derogatory information until AFTER they are denied credit. This is especially troubling. It is unconscionable that a consumer cannot protect themselves until after they've been harmed.

Access to consumer credit reports and the ability to dispute needs to be simplified. As the system stands now, I honestly feel that less diligent consumers would give up on trying to correct inaccurate credit reports, if not for the financial expense or the time involved, but for the sense of futility.

While the laws clearly state the obligations to the consumer, in practice, few creditors, collection agencies or the CRAs take their obligations seriously. The time has come for consumers to be able to access their credit reports, and to correct inaccuracies in a simplified, cost-free manner. It is wrong that some disorganized and/or unscrupulous companies fail to adhere to the requirements set forth by the FDCPA and the FCRA, yet give little credence to consumers. In the future, I'd like to see consumers be able to file comments/complaints to the CRAs online, be able to access the updated report online and to see exactly the same report (including the credit score and any notations) that is provided to creditors.

Please contact me if you would like additional information.

IP: 66.133.152.135
User Agent: Mozilla/4.0 (compatible; MSIE 6.0;
Windows NT 5.0)